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ABSTRACT

This manual is designed to allow service providers at displaced homemaker centers to update and refresh their knowledge and information of consumer concepts and to initiate and implement some consumer education services designed to meet the needs of displaced homemakers. Material is divided into five parts. Part 1 focuses on financial management for the displaced homemaker and provides a self-check on financial practices and attitudes as well as a description of and forms for a seven-step approach to financial management. Part 2 addresses credit, including such topics as rights under the Fair Credit Reporting Act, the Equal Opportunity Act, and the Truth-in-Lending Act; billing errors; and installment credit contracts. Consumer complaints are discussed in part 3. Redress, complaint letters, sources of assistance, and the Small Claims Court are covered. Part 4 considers legal rights of displaced homemakers, including legal status as it is related to current marital status, legal rights in employment, social security rights, federal income tax returns, and other taxes. Part 5 deals with housing situations that displaced homemakers find themselves in, points out key resources, and suggests specific steps to help displaced homemakers meet housing needs. (YLB)

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**A
CONSUMER EDUCATION
SELF-HELP MANUAL
FOR
DISPLACED HOMEMAKER
SERVICE PROVIDERS**

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Foreword

Consumer education programs have been designed to meet the needs of numerous special interest groups. Yet, little has been done to meet the unique needs of displaced homemakers, who for the first time or after many years are solely responsible for earning an income and for managing limited financial resources. Displaced homemakers need to acquire knowledge and understanding of consumer related matters.

This Consumer Education Self-Help Manual is designed to allow service providers at displaced homemaker centers throughout the nation to up-date and refresh their knowledge and understanding of consumer concepts. Using the information and tools provided in this handbook, the service providers will be able to initiate and implement some consumer education services designed to meet the needs of displaced homemakers.

Who Is The Displaced Homemaker?

In most states, a displaced homemaker is defined as a person, female or male, over 35 years of age who has:

- ...worked in the home for a substantial number of years (at least ten) without pay, providing household services for family members;
- ...is not now gainfully employed
- ...has had or would have difficulty in finding employment
- ...was dependent on the income of another family member but has lost that income
- ...was dependent on federal assistance but is no longer eligible

What Is Consumer Education?

"Consumers' education" means the process by which consumers:

- (1) develop skills to make informed decisions in the purchase of goods and services in light of personal values, maximum utilization of resources, available alternative, ecological considerations, and changing economic conditions;
- (2) become knowledgeable about the laws, rights, and methods of recourse in order to participate effectively and self-confidently in the marketplace and take appropriate action to seek consumer redress; and
- (3) develop an understanding of the consumer-citizen role in the economic, social, and government systems and how to influence those systems to make them responsive to consumers' needs.

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Dedicated to all displaced homemakers
and their support system, the Displaced
Homemakers Network.

Part One



THE FINANCIAL "FACTS OF LIFE"
FOR THE DISPLACED HOMEMAKER

PART I

The "Financial Facts of Life" For The Displaced Homemaker

For the first time or after many years, homemakers may be forced to deal with complex and urgent financial situations due to divorce, death, separation, or spousal disability. They must learn not only "how much" but "when" to plan payments and purchases. Unplanned outlays must be replaced by managed spending and cash flow planning. Displaced homemakers need to manage the resources they have and find ways to generate income either from a job or through investments. The less they have, the more urgent this planning becomes. The once affluent homemaker is in as much and possibly more distress as the homemaker accustomed to limited means and may have even more difficulty in facing the financial facts of life.

Consumer education can help reduce displaced homemakers' anxiety and prepare them to meet both short and long-term financial goals. Through consumer education, they can learn to develop realistic financial plans and to recognize their own potential for developing and managing resources.

Before clients develop their financial plans, have them complete the Self-Check on Financial Practices and Attitudes on page 4. The key is on page 5.

Key For Self-Check On Opposite Page

- I. Two or three "no's" indicate the need for support and encouragement. Present the client with examples from other clients' experiences. Help her to feel competitive in an area where she has had competence in gaining additional income.
- II. If answer "A" is "yes" the client may need help to see the value of "B", identifying alternative resources and "C", bringing needs rather than wants into focus.
- III. If "yes" to one or more questions, the client's sentiment may have to give way to realism.
- IV. If "no" to one or more questions, the client needs help in assertively taking charge of her/his life.
- V. If "no" to one or more questions, the client needs to learn how to plan use of money (See "A Seven-Step Approach to Financial Management").

A Self-Check On Financial Practices and Attitudes

Before financial planning can begin, clients must assess themselves and their situations realistically. Here are some points for each client to consider:

		YES	NO
I Skills and Skills	A. I can list three skills and/or services I have provided as a homemaker that are marketable.	☐	☐
	B. I have old skills that can be updated.	☐	☐
	C. I have untapped skills I can develop.	☐	☐
II Attitudes Toward Resources	A. Money is the most important resource for reaching a goal	☐	☐
	B. I can substitute time, energy, and skill for money to get what I need.	☐	☐
	C. I can scale down wants to get what I really need.	☐	☐
III Assets	A. I want to hold on to what I have.	☐	☐
	B. I feel that I can only be happy and secure in the same situation I had.	☐	☐
	C. I am holding on to assets that no longer have value.	☐	☐
IV Personal Security	A. Insurance is a luxury.	☐	☐
	B. I have established my own credit rating.	☐	☐
	C. I have consulted free advisory services to help solve a problem.	☐	☐
V Money Management Practices	A. I handle money systematically	☐	☐
	B. I can put my hands on financial records	☐	☐
	C. I know how much money I owe and to whom.	☐	☐

A Seven-Step Approach To Financial Management

After completing and evaluating the "Self-Check on Financial Practices and Attitudes", the client is ready to prepare a financial management plan. The following approach is recommended.

1. Prepare a Net Worth Profile
 2. List Current Expenditures
 3. Forecast Income from all Sources
 4. Identify Non-money Assets
 5. Plan Outlays (Cash Flow Budget Planning)
 6. Control Expenses: Check Credit Costs
 7. Review Your Spending Plan
-
1. **Prepare a Net Worth Profile.** The bottom line for money management is a listing of all liquid and hard assets. Be very realistic about the present financial situation.
 2. **List Current Expenditures.** Before planning a budget, you must be aware of how money is being spent now. To get an up-to-date breakdown of expenditures, keep a record of what is spent for a manageable period, such as a month. Follow the suggested recording procedures for keeping your current **Expense Record**, listing your **Fixed** and **Flexible Expenditures**. (See p. 8).
 3. **Forecast Income.** Estimate income for the entire year as well as for each budgeting period. Include all sources of income. Do not include payroll deductions for taxes, insurance, social security, retirement, pension plans, etc. Consider income sources such as child support, alimony, interest, dividends, annuities, public assistance, social security, and tax refunds. The ability to pay a particular bill depends on when the income is available to use. This is the first step in **Cash Flow Planning**

4. **Identify Non-money Assets.** Identify assets such as food stamps, educational grants, coupon savings, and skills exchange that can be used to get what you want. Use the **Cash Flow Budget Plan** (See p. 10) to assess total monthly income.
5. **Plan Expenditures.** Use suggested budget categories to identify outlays. Guidelines for expense groupings and percentages of total budget remaining after taxes are recommended. However, these are subject to variations and adjustments to meet the current situation, and goals of the individual.
6. **Control Expenses and Check Credit Costs.** Factors accounting for a failure to stay within the limits of the budget are unplanned outlays due to unexpected circumstances, such as emergency situations and impulse spending, may result in overspending in one or more categories. Consequently, adjustments must be made in the amount and timing of other payments. Also, the client should examine the unplanned outlays to decide whether the product/service received was worth the loss or adjustments in other categories. If not, the client may decide to exercise more self-discipline in the purchase of products/services.
7. **Evaluating Budget Accomplishments.** A budget must fit reality and the family needs. Every few months, analyze the spending categories and the dollar amounts allotted and actually spent. Adjust your expense forecasts when needed because of unrealistic forecasting or changes in family financial goals.

Step 1: Facing Facts: Your Net Worth Profile

Your financial situation may be better than you think. A Net Worth statement helps you get a "fix" on your financial position.

Date _____

Assets: List your \$ assets. List only those in your name.

Amount Date Available

Liquid Assets are those that are now or can be used on short notice to pay outstanding bills.

Cash on Hand

 In your Wallet or "Cookie Jar"

 In Savings Account

 In Checking Account

Unpaid Salary or Wages Due You

Cash Value of Government Bonds

Cash Surrender Value of Life Insurance

Cash Loan Value of Life Insurance

 (Check on interest rate of such loans)

Market Value of Securities

Blue Book Value of Car

Current Value of Gold or Silver

 (Jewelry or Flatware)

Other _____

Hard Assets have value, but may take longer to dispose of at a fair price. These include: _____

Home Equity

 (Dollar value minus outstanding mortgage, realtor's fee, other claims if joint owner)

Current Value of Other Real Property

Current Value of Personal Property

 Furniture

 Appliances

 Art or Antiques

 Jewelry

Other _____

Total Assets

Liabilities: (Bills Outstanding)

Date Due (include
grace periods)

Mortgage Payments

Rent Payments

Credit Cards

Insurance Premiums

Installment Debt

Personal Loans

Taxes and Assessments

Other Debts _____

Total Liabilities

Total Assets

Total Liabilities

Your Net Worth (Assets minus Liabilities)

Step 2: Facing Facts: Your Current Expense Record

Record this information accurately. It will provide the baseline information for budgeting.

Fixed Expenses: (Where you can't cut without losing a need)	Amount Estimate	Date Due	Amount	Credit Charged/ Late Payments
---	--------------------	-------------	--------	----------------------------------

Housing

Rent

Mortgage

Real Property Taxes

Sewer or Water Fixed Fees

Installment Payments

Car Payment

Credit cards (s)

Appliance Payments

Furnishing Payments

Insurance Premiums

Life

Automobile

Health and Accident

Hospitalization

Fire and Theft

Personal Property

Licenses & Permits

Taxes

Income (Federal, State, Local)

Social Security

Personal Property

Fixed Fees & Dues (Licenses)

Medical Prescriptions

Hospital Bills and Charges

Medical & Dental Check-Ups

Savings Withholding)

(Xmas Club, Credit Union)

Other (Ex. Religious Tithing)

13

Total Fixed Expenses

Flexible Expenditures (Where you can cut)	Amount Estimated	Date Due	Amount	Credit Charged/ Late Payments
Food				
Meals at Home				
Meals Eaten Out				
Home Improvements				
Clothing & Personal Care				
Laundry & Dry Cleaning				
Public Transportation				
Private Transportation				
Parking (Sticker Fees, Garage Parking)				
Car Repair				
Fuel Costs				
Variable				
Leisure/Recreation/Entertainment				
Utilities				
Fuel (Gas/Electric/Wood/Coal)				
Water				
Light				
Telephone				
Waste Disposal				
Contributions (Church, Charity)				
Optional Medical/Dental				
Household Supplies				
Other (Contributions, Gifts, Pocket Money)				
Emergency Fund				
Short Term Goal Fund				

Total Flexible Expenses

Monthly Total Expenses

Step 3: Forecast Income From All Sources: Budgeting — The Bottom Line

In budgeting, the "bottom line" is the money you can count on receiving: wages, income on investments, public assistance, social security, pension benefits. Some items such as alimony, child support, rents, etc. may be owed to you but you can't pay bills with money you haven't collected. So if the payer is unreliable, you will have to consider this possibility in your planning.

Cash Flow Budget Planning (CFBP) was developed by the authors of this manual for their classes at Morgan State University and Herbert H. Lehman College. This approach

to budgeting takes into account both the amount of income and the amount and timing of payments. It is not only important to list how much money you have available, but also to note the dates when payments fall due. You can list the outside date that a bill can be paid without penalty. However, you must have the cash available by that date or pay a late charge or fee. These are the costs of using credit. Credit accounts also make it possible for you to put off payment to a distant date if you know for certain that monies will be available to pay for your purchase without penalty.

Cash Flow Budget Plan

Month _____

Estimate Monthly Income From All Sources	Amount	Dates Available
Wages		
Social Security		
Public Assistance		
Pension		
Alimony		
Child Support		
Interest on Savings		
Income From		
Rent		
Other (Refunds, etc.)		
Sub-Total		

Step: 4 Identify Non-Money Assets

Cash Flow Budget Plan Cont'd

Alternative Income Sources (Dollar Equivalency Value)	Amount	Dates Available
Food Stamps		
Educational Grants		
Coupon Savings on Food and Household Products		
Skills Exchange		
Other		
Sub-Total Available to Supplement Money Income in Budget		
Total Estimated Income		

Step 5:1 Suggested Budget Categories And Recommended Average Percentages Of Income

Each general category is divided into fixed and flexible expenses. Fixed expenses remain the same and must be paid or accounted for by money set aside in each planning period. Flexible expenses vary for each planning periods.

Forecast fixed expenses for each planning period. Be sure to allot for saving regularly toward those fixed expenses which occur periodically throughout the year (insurance premiums, auto license, etc.). Otherwise you may be short when the bill falls due.

Forecast flexible expenses occurring each planning period. Try to determine the amount you are likely to spend yearly for those flexible expenses that occur occasionally (gifts, special entertaining, Christmas). Divide this total by twelve and you will know the amount to set aside each period to meet these needs. Forecast these amounts on the Three-Month Cash Flow Plan. The three-month plan allows for seasonal adjustments as necessary in such flexible categories as fuel, transportation, etc.

Housing (15-30%)

Fixed: Rent
Mortgage Payments
Property Insurance
Property Taxes
Flex: Repairs/Improvements

Utilities (4-7%)

Fixed: Waste Disposal
Water
Telephone
Flex: Fuel (Varies seasonally)

Transportation (6-20%)

Fixed: Purchase or installment payments
Insurance
License Fees
Flex: Gas and oil
Repairs
Commuting fares (bus, train, etc.)

Recreation/Entertainment (2-6%)

Flex: Admissions
Club Memberships
Beverages
Tobacco
Hobby supplies
Musical supplies
Sporting goods
Other

Medical (2-8%)

Fixed: Insurance
Flex: Drugs and Medicines
Hospital Bills
Doctor Bills
Dentist Bills

Food (15-30%)

Flex: All food items
Meals taken out

Family Necessities (2-4%)

Flex: Laundry and drycleaning
Toiletries and cosmetics
Barber and hairdresser
Postage and stationary
Mir.or home furnishings

Short-Term Goal Fund

Flex: Vacations
Other special purchases

Pocket Money (1-4%)

Flexible

Gifts

Flexible

Personal Improvement

Flex: Books
Magazines and newspapers
Tuition and course Fees

Religious and Charity

Fixed and Flexible

Life Insurance

Fixed

Step 5:2 Plan Outlays**Three Month Cash Flow Plan**

Money on Hand from Previous Month: _____

Expense Category	Month: January				Month: February			
	Expense Amount	Date Due	Date Paid	Amt. Saved/ Future Exp.	Expense Amount	Date Due	Date Paid	Amt. Saved/ Future Exp.
Housing								
Utilities								
Food								
Family Necessities								
Medical								
Clothing								
Automobile								
Recreation and Entertainment								
Personal Improvement								
Short-Term Goal Fund								
Savings and Investment								
Outlays for Fixed Assets								
Pocket Money								
Gifts								
Church and Charity								
Life Insurance								
Emergency Fund								
Total								

Part Two



GIVE YOURSELF CREDIT!

Part II

Give Yourself Credit!

If you have noted payments on your budget for the cost of credit, before you make a credit purchase, ask the following:

1. Am I planning to use credit for something:
 - I really need?
 - I want badly but don't really need?
2. Am I buying on credit without considering that sooner or later this purchase translates into cash?
3. If I make this purchase what am I willing to give up?
4. Is this item available at a better price elsewhere?
5. Can it be purchased at a better time at a better price?

Do you have a credit identity? If you have been a silent and invisible partner in your family's financial picture, now is the time to develop a "credit identity" of your own.

Credit is not a right. It is a privilege granted to those who have demonstrated reliability in the management of money.

A Displaced Homemaker may never have established an independent credit identity, record, or history. This must be done as soon as possible. A woman's credit identity may have been overshadowed by her husband's. A divorce settlement or an estate in probate can block a woman's access to her assets. Credit information is provided to lenders by a Credit Bureau. If you make an application for credit or a loan, the credit bureau will check you out. Sometimes their information is incorrect.

When you apply for credit, list your best credit accounts—prior and present—on the application. Identify those accounts shared with your husband. If the credit history from the marriage was bad, supply the creditors with information that shows that this negative information should not bias them against your application.

Your Rights Under The Fair Credit Reporting Act

The FAIR CREDIT REPORTING ACT sets forth procedures for keeping your credit information accurate, relevant, and confidential. It is up to you to make sure that your local credit bureau has complete and accurate information about you in a file under your name. If you shared accounts with your husband, which were established before June 1, 1977, and are not closed, visit or call your local credit bureau. Check to see if these accounts are in your file. Even if they are closed you are entitled to have them included in your credit history.

If you are notified that your credit application was denied because of a poor credit report, you have a right to ask the creditor what part of the report influenced the decision. You have a right to receive the specific reasons for denying your credit application.

If you are denied credit because of information contained in your credit report, the lender must tell you so, and give you the name and address of the credit bureau that supplied the information. Within 30 days of being denied credit, you have the right to go to the credit bureau and ask to see the information in your file without charge. Incorrect information may have gotten into your file by mistake. Information may have been misreported or misfiled. If so, the credit bureau will correct the information and send it to those you name who received the incorrect information.

If you want to see your credit report file out of curiosity, you can do so, but the credit bureau may charge you a small fee. The credit bureau sells this information to creditors, and has the right to sell it to you too—unless you have been turned down for credit because of it. Some credit bureaus, however, allow you to see your file without a charge. You have the right to insert your side of the story into your credit record in 100 words or less, and in the future this must be included in any reports given to creditors. The creditor will then take your version of events into consideration.

Your Rights Under The Equal Credit Opportunity Act

Under the EQUAL CREDIT OPPORTUNITY ACT you have certain protection when you apply for a loan. A lender cannot discriminate against a credit applicant because of race, color, religion, national origin, sex, marital status, or age (provided that the applicant has the capacity to enter into a binding contract), or the fact that all or part of the applicant's income derives from any public assistance program. The law does not mean that everyone who wants credit will get it; it does mean that a lender must grant or deny credit based on the credit worthiness of the applicant rather than other unrelated factors.

Credit worthiness refers to the consumer who is regarded as a good credit risk. The factors that lenders consider in extending credit are called the "3 C's." These are character, capacity, and collateral. How do you rate yourself as a credit risk?

1. **Character** - Am I known for my willingness and readiness to pay bills promptly?
2. **Capacity** - Do I have dependable income in sufficient amounts to meet payments on time?
3. **Collateral** - Do I own property (a home, savings account, car, investments) that can be used to generate cash for credit payments?

If your answer is "yes" to the above, you will probably be considered for credit although some creditors rely on a system of credit-scoring to rate you as a credit risk. Based on the creditor's experience, a certain number of points is given to each characteristic which has proved to be an accurate predictor of credit-worthiness. The Equal Credit Opportunity Act permits a creditor who uses such a system to score your age. But: If you are 62 or older you must be given at least as many points for age as any person under 62. A lender should not have different criteria for divorced women than married women. A retiree should not be denied credit merely because income is based on social security and pension rather than earnings. And an individual's race, color, religion and national origin have no bearing on willingness and ability to repay a loan.

Your Rights Under The Truth-In-Lending Act

Once you are eligible for credit you have rights under the TRUTH-IN-LENDING ACT (1969). All credit costs something, but the way costs are quoted is now standardized and you can compare information among lenders. A lender must give you the Annual Percentage Rate (APR) and the total finance charge (that is, the total dollar cost of the credit) both orally when you inquire about the loan, and in writing when you sign the loan contract. This allows you to compare the cost of credit and get the best credit "buy".

When There Is A Mistake On Your Bill

Fair Credit Billing, an addition to the Truth-in-Lending Law, requires prompt correction of billing mistakes. Here is how you can resolve a billing dispute in a way that protects your credit rating. You may challenge either the purchase or the price of an item that appears on your billing statement.

What Is A Billing Error?

The law defines a billing error as any charge:

- Not made by you or by someone authorized to use your account.
- Poorly identified, for a different amount or on a different date than is shown on the statement, or
- For something you did not accept on delivery or for something not delivered according to agreement.

Billing errors include:

- Failure to credit your account properly;
- Computational or accounting mistakes;
- Failure to mail your statement to your current address, if you notified the creditor of your address change at least 10 days before the billing period ended; and
- Questionable items for which you request explanations or information.

What You Can Do In Case Of Billing Error

If you think your bill is wrong, follow these steps:

1. Notify the creditor in writing within 60 days after the bill was mailed. Be sure to include:
 - Your name and account number.
 - A statement that you believe the bill contains an error and an explanation of why you believe there is an error, and

The suspected amount of the error.

2. While you are waiting for an answer, you do not have to pay the amount in question (the "disputed amount") or any minimum payments or finance charges that apply to it. But you are obligated to pay all parts of the bill that are not in dispute.
3. The creditor must acknowledge your letter within 30 days, unless your account is corrected. Within two billing periods—but in no case more than 90 days—either your account must be corrected or you must be told why the creditor believes the bill is correct.
4. If the creditor made a mistake, you do not pay any finance charges on the disputed amount. Your account must be corrected for either the full amount in dispute, or for a part of that amount and you must be furnished an explanation of what you still owe. You then have the time usually given on your type of account to pay any balance.

If no error is found, the creditor must promptly send you a statement of what you owe. In this case, the creditor may include any finance charges that accumulated and any minimum payments you missed while you were questioning the bill.

5. If you are still not satisfied, you should notify the creditor within the time you have to pay your bill.

Information Required On An Installment Credit Contract

1. The cash price of the item you are purchasing.
2. The amount of your down payment.
3. The total amount of credit to be financed (cash price minus the down payment).
4. The dollar amount of the loan.
5. The number and amount of payments.
6. The date payments are due.
7. Any other charges such as processing fees and insurance fees.

Interest rates are important for comparing the cost of credit among different lenders. But the actual dollar cost, the finance charge, may have more meaning to you. Ask for it.

In shopping for credit, the "best buy" is determined by figuring out the total cost of the loan. Select a repayment period as short as you can afford. As a rule, it is best to shop for the lowest available interest rate and set up the loan payments for the shortest possible period of time—but only if you can realistically include the payments in your monthly budget. Credit costs fluctuate. Be sure to ask what the current rate is, because it may be different from what you paid the last time you used or applied for credit.

Part Three



GETTING HELP WITH CONSUMER COMPLAINTS

Getting Help With Consumer Complaints

If you have a consumer problem, tell the merchant at once. If you wait too long, you appear unconcerned. You also forget important details. Be clear, firm, and to the point in making your complaint.

If the first person you talk to can't help, go to his or her superior. Continue on up the line until you receive satisfaction. If necessary, contact the owner, president, or chairman of the board. Management is often grateful when you call their attention to your complaint. Your experience can help identify serious problems.

If you have to go this far, keep copies of sales slips, claim checks, letters, contracts, newspaper ads, and similar documents. Don't release or lose them. They are part of the evidence you may need, if you decide to present your case in a formal matter—in a small claims court.

Redress Through The Seller Or Service Agency

The satisfactory resolution of a complaint through the seller or service agency, depends on how the consumer complaint is presented. For successful redress, certain basic procedures should be followed.

1. Visit the person or organization that sold the item.
2. Try to speak with someone who has the power to make the decision you want made.
3. State the specific nature of the problem. Provide important information such as sales slips, warranties, service receipts and other supporting data.
4. Wait for an answer, even if it's a "nothing" answer such as, "As soon as we can."
5. Put your demand in the form of a "yes" or "no" question so that you avoid answers such as, "As soon as we can."
6. Don't take the first "no" as a final answer. Keep on pressing questions when you get "no" for an answer. Eventually you will get some type of "yes" for an answer.
7. Impose a time limit so that the company is forced to act quickly.
8. Attempt to get a specific promise or action.

Redress Through The Manufacturer

If you don't succeed in solving your problem through the seller, write a letter to the appropriate person within the firm that produces the product in question. Names and addresses of companies and principal officers can be obtained from:

Consumer Complaint Guide (Macmillan)

Everybody's Money Complaint Directory
(Available from Everybody's Money, Box 431B,
Madison, WI 53701)

Moody's Manuals of Investment

Moody's Investors Service, 99 Church Street, New York
Contains financial and background information and locations of banks, insurance, firms, financial agencies, municipals and governments, railroads, public utilities, industrials.

Poor's Register of Directors and Executives: United States and Canada, published annually by Standard and Poor's Corporation, 345 Hudson Street, New York. Has an alphabetical list of over 27,000 leading business firms, their addresses, principal products, number of employees, directors and key officers.

Thomas' Register of American Manufacturers
Thomas Publishing Company, 461 Eighth Avenue,
New York

Follow the sample consumer complaint letter included here. It may be adjusted to the situation but should include all relevant information.

If you receive no response within approximately three weeks, follow up with a registered letter asking what action is being taken. Be sure you have the receipt for this letter and copies of previous correspondence.

Writing A Consumer Complaint Letter

The following form can be used to put your consumer complaints in writing. Be sure to state facts clearly and accurately.

Your Address
Date

Appropriate Person (by name if possible)
Title
Company Name
Address
City, State, Zip

Dear (By name or Sir or Madam):

I am writing about (name and model of product, or situation complaining about), bought or repaired (date) at (place) from (merchant).

My complaint concerns (concise description of facts).

I thought you should be advised of my dissatisfaction. In order to resolve this problem, I would appreciate it if you would (state specific measures to be taken to resolve complaint).

I estimate that my cost in attempting to resolve this complaint thus far involve (cost of phone calls, trips to store, etc.) and the cost of typing and mailing a business letter (usually \$5 plus postage).*

I look forward to your satisfactory resolution of my complaint and will allow (time limit) before taking further action.

Sincerely yours,

Name
Phone Number

cc: To whom copies of this letter were sent.

Enclosures: Never send originals of purchase bill, etc. Send photocopy.

P.T.: hw Your initials and those of a secretary if appropriate.

*This paragraph may result in your being compensated—but that is up to the company.

Other Steps A Consumer Can Take

If you cannot resolve your problem with the merchant, seek help elsewhere. Try one or more of the following sources of assistance:

- Local, State, or Federal Government Consumer Offices

To find them, call city or county information offices or your state attorney general's office. State and local offices can also tell you which federal agency might be of help to you.

- Better Business Bureau (BBB)

Look for the Better Business Bureau in the telephone "white pages." Here are steps to take in working with the BBB.

The primary function of the BBB is to provide information on how to be a better consumer. The best time to consult the BBB is **before** you do business with a service or company. They will tell you if a substantial number of complaints have been lodged against the service or company. In addition, the BBB also functions as an intermediary in resolving complaints by arbitration. To file a complaint with the BBB, the following steps should be taken:

1. Obtain the phone number of your nearest BBB. If your town does not have a local BBB, either contact the Chamber of Commerce or the nearest major city for their BBB.
2. Request a complaint form.
3. The BBB will forward your complaint to the company. Remember that the BBB does not judge the complaint nor the fairness of the adjustments the company may make.
4. If you are still dissatisfied after the company has been contacted, a letter indicating your dissatisfaction with the results, should be sent to the BBB. This letter will be placed in the company's file at the BBB.

- Merchant Trade Associations

To see if these exist, call other merchants carrying the same products or performing similar services.

- Radio, Television, or Newspaper Consumer "Hotlines"

Determine whether consumer "hotlines" or "action lines" exist.

- Consumer Action Groups

These private groups are not always equipped to handle individual complaints; however, they will probably give you some good advice and use your experience as part of their own ammunition.

Consumer Action Panels (CAPS) are a formal mechanism set up by certain industries to handle individual consumer complaints with member manufacturers. Although each CAP may have specific requirements, the basic consumer procedure is as follows:

1. You must first have contacted the dealer and manufacturer and not received satisfaction on your complaint.
2. Call or write to the Consumer Action Panel and provide the following information:
 - (a) Your name, address and telephone number
 - (b) type of product, brand, model and serial number
 - (c) the date of purchase
 - (d) the dealer's name and address
 - (e) an accurate description of the problem and an up-to-date report of what action has been taken
3. The Consumer Action Panel will contact the company involved and request a response detailing the action to be taken.
4. If a positive response is received, the panel will notify you of the action to be taken and close out your file, unless there is further notification from you.
5. If a negative response is received, your complaint will be reviewed and the panel will make a recommendation to solve the complaint. This final resolution may require significant time and several reviews of related material.
6. The panel's effectiveness relies upon the member manufacturer's willingness to abide by the panel's recommendation. Some panels are therefore much more influential than others.

- Arbitration Programs

To find out if they exist and how they work, you'll want to check with local consumer offices, the Better Business Bureau, and some of the merchant trade associations.

Consumer Action Panels

Consumer action panels are an aid to resolving consumer complaints. Some are listed below. Some services may charge a fee. Ask whether or not there is a cost for this service before you sit down and talk.

Appliances

Major Appliance Consumer
Action Panel (MACAP)
20 N. Wacker Drive
Chicago, IL 60606
(800-621-0477)

Dry Cleaning

International Fabricare Institute
12251 Tech Road
Silver Springs, MD 20904
(301-622-1900)

Automobiles

Automobiles Consumer Action
Panel (AUTOCAP)
1640 Westpart Drive
McLean, Virginia 22101
(703-821-7000)

Furniture

Furniture Industry Consumer
Panel (FICAP)
Box 951
High Point, N.C. 27261
(919-885-5065)

Magazine Subscriptions

Magazine Publishers Association
575 Lexington Avenue
New York, NY 10022

Mail Orders

Direct Selling Association
1730 M Street, N.W.
Washington, DC 20036
(202-293-5760)

Autocaps (Statewide)

Iowa: 405 East First Street,
Des Moines, IA 50309
Louisiana: P.O. Box 2863,
Baton Rouge, LA 70821
Michigan: 1500 Kendale Blvd.,
P.O. Box 860,
East Lansing, MI 48823
North Dakota: 114 North University Dr.,
Box 2524,
Fargo, ND 58102
Oklahoma: 1601 City National Bank Tower,
Oklahoma City, OK 73102
South Dakota: 525 West 22nd St.,
Sioux Falls, SD 57105
Texas: P.O. Drawer 1028,
1108 Lavaca,
Austin, TX 78767

Autocaps (City and Regional)

Chicago: O'Hare Plaza,
5725 E. River Rd.,
Chicago, IL 60631
Cleveland: Suite 300, Lincoln Bldg.,
1367 E. 6th,
Cleveland, OH 44114
Columbus: 2097 South Hamilton Rd.,
Suite 102,
Columbus, OH 43227
Detroit: 6525 Lincoln Avenue,
Detroit, MI 48202
Central Florida: 1850 Lee Rd.,
Suite 109,
Winter Park, FL 32789

Small Claims Courts

If other measures fail, you may have to resort to Small Claims Court. Small Claims Court is designed to settle small financial disputes. It is different from other courts in that it is an informal forum where undocumented and hearsay evidence is presented.

Small Claims Courts are available in many jurisdictions. These courts will not handle claims over a set dollar amount. Check to see if your claim is within that limit.

You don't have to spend money for an attorney; you argue your own case. Simply tell the judge what happened. However, before going to court, you may still want to talk to an attorney to make sure you have the proper records and witnesses for your claim.

If you cannot afford to consult an attorney, you might want to see if legal assistance for low-income consumers is available in your community. Legal assistance is often provided with government support in cooperation with the local bar association or other private organizations. Call the bar association if you think you may qualify. Note that procedures may vary in some jurisdictions.

How To Start A Small Claims Case:

1. Go to the court that handles small claims and ask the clerk for Small Claims forms.
2. The clerk will give you a complaint form. Carefully fill out this form and return it to the Court clerk. You will then be given a file number and an "appearance date" (time, date and room number where both you and the defendant will first appear). You will be expected to pay a filing fee at the time you file your case.
3. The clerk will issue a summons to the defendant. The summons will either be issued through certified mail or delivered by the Sheriff's office. The Sheriff's fee for service of the summons is payable in advance.

What To Do When You Get To Court:

1. Be cool and courteous. If the summons has been served and the defendant does not appear, or if he/she does appear and states that he/she owes the amount, then the Judge will give the plaintiff a judgement (a decision and order by the court that the defendant owes the plaintiff the amount he or she is claiming).
2. However, if the defendant appears and states that he or she does not owe the claim, then the case will be set for trial at another time.
3. At the time of trial, you should have with you in court all your witnesses, and any records or photographs you want the Judge to see.
4. At the beginning of the trial, the plaintiff first produces testimony. This may consist of the plaintiff's testimony and any witnesses he or she may have. The plaintiff may require the defendant to testify.
5. After the plaintiff has finished his or her portion of the case, the defendant may call witnesses of his or her own and testify him or herself. The defendant can require the plaintiff to testify.

A Citation To Discover Assets:

1. It is a demand by the plaintiff for the defendant to appear in court to determine his or her ability to pay the judgment.
2. If the defendant fails to pay the judgment in a reasonable length of time, the plaintiff may go to the Circuit Clerk and ask for a Citation to Discover Assets form. Bring the case number with you.
3. Fill out the Citation forms and give them back to the Clerk who will fix a date for the Citation hearing, and deliver it to the Sheriff. There is a small charge for this.
4. The Sheriff will serve the Citation on the defendant. The Sheriff's fee is payable in advance.
5. Both the plaintiff and defendant must appear at the Citation hearing. At the hearing, the defendant will be placed under oath and the plaintiff will ask him or her questions about his or her income and ability to pay the judgment.
6. The Court may then order the defendant to pay the plaintiff a certain amount each week or month on the judgment. If the defendant fails to pay this amount without good reason, then the plaintiff should file a Petition for Rule to Show Cause, and, after service and hearing, the defendant may be found in contempt of Court and punished.

Appealing The Court Decision

You must file a written Notice of Appeal with the Clerk within 30 days of the judgment. You must send the other side a copy of this Notice. Some jurisdictions hold the decision to be final, as in binding arbitration.

Lawyers:

No lawyer is required, but if you plan to have one, you should hire him or her before the trial date. Be sure to give him or her enough time to properly prepare your case. A "continuance" (delay in the proceedings) will not be allowed unless for good reason. If you plan to have a jury trial, then it would be to your advantage to have a lawyer.

Jury Trials:

There are a few facts you should know before you demand a trial by jury:

1. A jury trial takes much more time than a "bench trial" (trial before a judge).
2. A bench trial is more informal than a jury trial, so you are at less a disadvantage at a bench trial if you do not know legal procedure.
3. You must be able to pick your own jury (with the concurrence of the other side).
4. The person asking for the jury trial must pay the additional jury fee.

Part Four



THE LEGAL RIGHTS OF DISPLACED HOMEMAKERS

The Legal Rights Of Displaced Homemakers*

A displaced homemaker's legal status is related to her current marital status. It depends on whether the spouse was lost through death, desertion, separation, or divorce. In every state, special legal provisions relating to domestic relations and marital and personal property may affect a displaced homemaker's individual situation. Therefore, the following information is broadly applicable. Check with a lawyer or legal clinic in your jurisdiction to provide counseling appropriate for specific cases.

Divorce

No fault divorce, in which no grounds need to be proved and neither spouse faulted, has been enacted in 47 states. In most cases, no-fault grounds may simply be cited as "irretrievable breakdown" or "irreconcilable differences." Eleven states have eliminated fault grounds entirely. Some states have a degree of no-fault in which separation for a given period of time may be used as a grounds for divorce. Only Illinois, Pennsylvania and South Dakota still require "fault" to be proved in divorce proceedings.

Spousal Support, Alimony

Under common law, spousal support obligations were aimed entirely at men. The husband was responsible for the support of his wife and had sole right to her services and wages. He also controlled all of his wife's property. Today, all states give the wife control of her income and property.

Only eight states have failed to remove the sex-bias from their alimony or maintenance provisions.

Child Support And Custody

Forty-six states have enacted equal child support and custody laws. The four remaining states (Arkansas, Idaho, Tennessee and Utah) have laws which primarily benefit the wife in terms of child support and maintenance.

Community Property

Eight states have a community property law, under which all property acquired after marriage, including either spouse's earnings, belongs to both spouses together. This insures that each spouse is entitled to one-half of the total community property, regardless of whether he or she has earned less. These eight states are: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas and Washington. Only Louisiana gives sole control of the community property to the husband. All eight community property states require all property to be divided upon divorce. In only two states, California and Louisiana, the community property must be divided equally between the spouses; the other six empower the courts to divide the property equitably.

Questions To Ask Before Retaining A Divorce Attorney

Divorce is a stressful situation. Emotions may cloud an individual's sound judgment. A calm, knowledgeable attorney can be a great personal support during divorce proceedings and will gain for a client the best possible terms for the future. A lawyer's expertise is limited to legal rights, responsibilities, and remedies. While he or she is not a social worker, marriage counselor, confessor or psychiatrist, a good lawyer can often help in locating other professional assistance for a client.

Before you decide whether or not to retain a particular attorney you should ask the following questions:

- Is your major professional practice in the divorce field?
- How much do you charge for a first meeting? To handle the case, do you charge by the hour or is there a flat rate?
- What is your minimum fee for the kind of case?
- What is covered by your fee?
- How many negotiating sessions are included?
- How many court appearances are included?
- What is your rate for appearance in court?
- Do you have a written retainer agreement that I can sign and a copy of it for me to keep?
- Can you suggest a divorce counselor, or social workers, or psychologist?

Legal Rights In Employment

If you are a Displaced Homemaker seeking employment, you are protected by federal laws against both sex discrimination and age discrimination. This protection, while it does not guarantee you employment, provides valuable support for your efforts and encourages employers to take affirmative action to demonstrate compliance.

TITLE VII OF THE CIVIL RIGHTS ACT OF 1964 prohibits discrimination in employment based on sex as well as on race, color, religion, or national origin. The act makes it unlawful to discriminate in hiring or firing; wages; fringe benefits; classifying, referring, assigning, or promoting employees; extending or assigning facilities; training, retraining, or apprenticeships; or any other terms, conditions, or privileges of employment. As amended in 1972, it covers most employers of 15 or more employees, public and private employment agencies, labor unions with 15 or more members, and joint labor-management committees for apprentice ship and training.

Title VII is enforced by the Equal Employment Opportunity Commission (EEOC), Washington, D.C. 20506. In jurisdictions that do not have a Fair Employment Practices (FEP) law covering the discrimination, Title VII complaints must be filed with EEOC within 180 days of an alleged unlawful employment practice. When a complaint is filed first with a state or local FEP agency, the time limit for filing with the EEOC is 300 days. Some discriminatory acts may be considered "continuing" violations and thus not subject to the usual limits. Because of such complications, individuals who believe they have been subjected to discrimination that is unlawful under Title VII should immediately contact the EEOC to ascertain their rights.

The EEOC has issued "Guidelines on Discrimination Because of Sex." The guidelines bar hiring based on stereotyped characterization of the sexes, classification or labeling of "men's jobs" and "women's jobs," or advertising based on sex.

EXECUTIVE ORDER 11246, as amended, prohibits employment discrimination based on sex as well as on race, color, religion, or national origin by Federal contractors or subcontractors and on federally assisted construction contracts. Coverage includes all facilities of the contractor, regardless of whether they are being used in the performance of the Federal contract. In the case of state or local governments holding contracts coverage is limited to the agency participating in the contract.

To ensure nondiscrimination in employment, contractors must take affirmative action in such areas as recruitment or recruitment advertising; hiring, upgrading, demotion, or transfer; layoff or termination; rates of pay or other compensation; and selection for training, including apprenticeship.

The Office of Federal Contract Compliance Programs (OFCCP) in the Employment Standards Administration of the U.S. Department of Labor, sets policy and regulations for implementing the Executive Order and conducts compliance reviews of contractors.

OFCCP sex discrimination guidelines provide, among other things, that contractors may not advertise for employees under male and female classifications, base seniority lists on sex, deny a person a job because of State "protective" labor laws, or make distinctions between married and unmarried persons of one sex only.

THE AGE DISCRIMINATION IN EMPLOYMENT ACT prohibits discrimination on the basis of age against any person between the ages of 40 and 65 (40 and 70 effective January 1979) in hiring, firing, compensation, or other conditions of employment. The law applies to all public employers, private employers of 20 or more employees, employment agencies serving covered employers, and labor unions of more than 25 members. It does not cover situations in which age is a bona fide occupational qualification (such as modeling "junior miss" fashions), nor does it affect bona fide seniority systems. It does prohibit using employee benefit plans as a basis for refusing to hire older applicants or retiring older employees.

The law is enforced by the Wage and Hour Division of the U.S. Department of Labor. Contact the U.S. Department of Labor, Washington, D.C. 20210 for the location of the office nearest you.

THE EQUAL PAY ACT OF 1963 prohibits unequal pay for men and women who work in the same establishment and whose jobs require equal skill, effort, and responsibility. Differentials based on a seniority or merit system or on a system that measures earnings by quantity or quality of production are permitted. Employers may not reduce the wage rate of any employee in order to eliminate illegal wage differentials.

Responsibility for enforcing the Equal Pay Act rests with the Equal Employment Opportunity Commission (EEOC), Washington, D.C. 20506.

Your Social Security Rights

Most Americans—women, men, and children—have social security protection either as workers or as dependents of workers. Certain things about social security are especially relevant for displaced homemakers. Unlike the woman who has continued employment while raising a family and who has her own social security coverage, the displaced homemaker's coverage is tied to her husband's employment and eligibility for benefits when he retires, becomes disabled or dies.

If you are the divorced wife of a man covered by social security and have been married for 10 years, you are entitled to dependents' benefits. However, if you are 62 or older, you can get benefits only when your ex-husband starts collecting retirement or disability payments.

You may also get payments if your ex-husband dies, provided you are 60 or older (50, if you are disabled) and you were married 10 years or more or you have young children entitled to benefits on his record.

If Your Name Has Changed

Make sure your social security record shows your correct name.

Whenever you change the name you use in employment—whether because of marriage, divorce, or other reasons—you should report the change to social security. Otherwise, your earnings won't be properly recorded and you may not receive all the social security credit due you for your work.

Even if you don't work, you should report any name change so that your record will show the correct name when you apply for benefits.

To report a name change, all you have to do is fill out a Request for Change in Social Security Records. You can get this form at any social security office.

A Wife

Regardless of your age, you can get payments when your husband becomes disabled or retires if you are caring for a child under 18 or a disabled child who is entitled to benefits.

If you don't have a child in your care, you must be 62 or older to get benefits when your husband becomes disabled or retires.

If you get retirement benefits before 65, the payment amount is reduced. If you wait until age 65 to retire, you get the full wife's benefit, which is 50 percent of the amount your husband is entitled to at age 65.

Both you and your husband will have Medicare hospital insurance at 65 if he is entitled to monthly benefits. You can enroll for medical insurance. You will have Medicare at 65 even if your husband is younger than you and still working, provided he is at least 62 and files an application to establish that he will be entitled to benefits when he retires. If your husband is deceased, you'll have Medicare if he would have been entitled to benefits or had worked long enough under social security.

(While your husband is working, he earns credits toward Medicare protection for your family in the event any of you ever need dialysis treatment or a kidney transplant for permanent kidney failure. Also, if he becomes disabled and is entitled to benefits for two years, he would have Medicare protection.)

Widow With Children

You can get a widow's benefit at any age if you are caring for a child who is under 18 or disabled and entitled to benefits. Survivor's benefits on your husband's record are also payable to unmarried children under 22 who are full-time students.

Your benefits will stop when you no longer have a child under 18 or disabled in your care. Usually, your benefits also will stop if you remarry before age 60. But, benefits to your children will continue as long as they remain eligible for payments—regardless of whether you remarry.

Widow Without Children

Even if you do not have dependent children when your husband dies, you can get widow's benefits if you are 60 or older.

The amount of your monthly payment will depend on your age when you start getting benefits and the amount your deceased husband would have been entitled to or was receiving when he died.

Widow's benefits range from 71½ percent of the deceased husband's benefit amount at age 60 to 100 percent at 65. So, if you start getting benefits at age 65, you'll get 100 percent of the amount your husband would be receiving if he were still alive.

If you're disabled, you can get widow's benefits as early as age 50, but your payment will be reduced.

A point to remember: If you are entitled to retirement benefits on your own work record and you receive reduced widow's benefits between age 50 and 62, your own retirement benefit at 65 also would be reduced.

Current Contact: Your local telephone directory carries a listing under SOCIAL SECURITY SECURITY ADMINISTRATION. SSA personnel will answer your questions and provide you with additional information about social security.

Your Federal Income Tax Return

If you have in the past filed a Federal joint tax return, you must now face the matter of whether or not to file separately.

WHO MUST FILE AN INCOME TAX RETURN? In order to determine if you must file an income tax return, you must know how much taxable income you have in a year.

Taxable income items include, but are not limited to, the following:

- wages, salaries, bonuses, commissions, fees, and tips
- dividends
- interest
- profits from businesses and professions
- your share of profits from partnerships and small business corporations
- profits from farming
- gains from the sale or exchange of real estate, securities or other property
- rents and royalties
- your share of estate or trust income
- prizes and awards such as contests, raffles, lottery and gambling winnings

Items that may or may not be taxable include:

- alimony, depending on whether it is deductible by your spouse
- disability payments, depending on who paid the policy premiums
- profit from sale of your residence depending on whether you re-invested in a new home and depending on your age
- refunds of prior year state and local taxes

Nontaxable income items can include, but are not limited to, the following:

- social security benefits
- welfare benefits
- disability retirement payments and other benefits paid by the Veteran's Administration
- unemployment compensation paid by a state
- life insurance sums received at a person's death
- child support
- interest on municipal securities

Items which are not income to you:

- gifts
- loans
- inheritances

Income includes only money which you receive either from use of your services (earned income) or by use of your assets (unearned income). The former could be wages; the latter includes interest on savings accounts, dividends from stocks and similar items. The source from whom you receive income is required to report to you and to the Internal Revenue Service the amount and the nature of income paid to you. This must be reported before January 31 of the year following your tax year. Examples of the forms you might receive include:

- W-2 form for wages
- 1099 form for interest or dividends
- 1099 form for other fees or income paid to you without withholding any taxes
- K-1 form for partnerships or trust share of income

How much income must you receive in order to be required to file an income tax return? You must file a return if you receive over \$750 (single exemption) plus \$750 for each additional exemption you claim for yourself plus the zero bracket amount for your filing status.

TAX FORMS, TAX RECORDS, AND SOURCES OF ASSISTANCE. In order to file your income tax returns, you will need to locate the proper tax forms and records; you may wish to seek help from a professional tax preparer (accountant, tax lawyer). Tax forms are available at any Internal Revenue Service Office. The post office generally has a supply of both federal and state forms. Tax forms based on your prior year's return are normally mailed to you. You need not use the same forms. Tax preparers provide the necessary forms as part of their service.

Everyone must file either a Form 1040A or a Form 1040 for their Federal return.

THE DOCUMENTS YOU NEED for your return include receipts, cancelled checks, and income source forms (such as W-2's and 1099's). All document records should be saved for at least three years as your return is open for audit or amendment during that period. If fraud is suspected, there is no limit as to how far back your returns are open. The IRS will prosecute criminal fraud back only six years; however the 50% civil fraud penalty may be assessed back beyond that.

ASSISTANCE IN PREPARING YOUR TAX RETURN. Whether or not someone else prepares your return, you are responsible for its contents, the documentation, and any tax liability. There are, however, laws regulating tax preparers' conduct and responsibility. Professional advice is expensive. You can keep the costs down and assure that advice is based on accurate if your financial records are in order. Remember, your cancelled checks are important records.

-If you were married on the last day of your tax year, you are considered married all year.

-If you are filing as a single taxpayer, you must be:

legally separated
divorced

a married person living apart from your spouse

-the spouse was not a member of your home for any part of the year

-you provided more than 50% of the cost to maintain a household for your dependent child (if child is in your household for an entire year) you can use "unmarried head of household".

-If you are filing as an unmarried head of household. You must be single or legally separated on the last day of the tax year and furnish 50% of the cost of maintaining a household which is the principle place of abode for the entire year for at least one qualifying relative:

unmarried son or daughter, grandchild or foster child. This person need not be your dependent but must live with you.

father or mother who qualify as your dependent and who live in the home you maintain.

any other relative must be your dependent and live with you.

-To qualify as a widow or widower, you must

have a dependent child

pay 50% of the cost of maintaining a household which is the home of the child

only file under this status for two years after the tax year in which your spouse died.

Special Circumstances

Children of Divorced or Separated Parents. If a child's parents together paid more than half of the child's support, the parent who has custody for most of the year can generally take the exemption for that child. However, the parent who does not have custody, or who has the child for the shorter time, may take the exemption under certain conditions.

Credit for Child and Dependent Care Expenses. You may take credit against your liability for payments you made for child and disabled dependent care while you or your spouse worked or looked for work. The credit is allowed if you maintained a home that included a child under age 15 or a dependent or spouse not capable of self-care. The credit is 20% of your child care expenses up to a maximum of \$400 for one child, \$800 for two or more children. The payments must be for the care and cannot exceed the lesser amounts earned by you or your spouse. If the services were performed in your home, you must have paid and reported all social security taxes related to those payments. You must file jointly unless you are legally separated or living apart. The qualifying person must have lived in your home six months and your spouse cannot have been in your house during the last six months.

Your State And Local Taxes

State and local tax forms are available at any state or municipal tax department branch.

Property Taxes

Keep a record of due dates and payment dates for local real estate taxes, including school taxes. Keep a record of due dates and payment dates for personal property taxes.

Part Five



HOUSING FOR THE
DISPLACED HOMEMAKER

Displaced Homemakers and Housing

One of the most critical problem areas that displaced homemakers face is housing, involving as it does so many financial, legal, emotional, and personal issues and decisions. The displaced homemaker may have literally been displaced, and be in need of emergency housing; she may be a widow saddled with a home that needs repairs she cannot afford, facing tax assessments she cannot pay; she may be a mother with dependents and unable to find decent and affordable rental housing that will accept children; she may have a home that is no longer appropriate for her housing needs. It is quite likely that she has had little experience in dealing with real estate agents, brokers, lawyers and bankers; the world of contracts, leases, and landlord-tenant relations may be foreign to her.

With the dissolution of the marriage, the family home takes on symbolic meaning as well, representing security and recalling happier times. At what point can the widow realize that she needs to make practical decisions about present and future housing needs that are quite different from those of the past? When should the divorced spouse who has been awarded the family home as part of the divorce settlement liquidate that asset and move on, both literally and figuratively?

Housing decisions call for objective information and quite personal and subjective judgments. As a service provider at a displaced homemaker program, you can help direct displaced homemakers to the best sources of current information and expertise, and support them as they make unique personal decisions.

This section will deal with the wide array of housing situations that displaced homemakers find themselves in, pointing out key resources that may be helpful to you and to displaced homemakers, and suggesting some specific steps that may be taken to help displaced homemakers meet their needs for housing.

Budgeting For Housing — Theory And Reality

In general and in the past, housing and financial management counselors have used a "25%" rule of thumb for housing costs. That is, any expense for housing that exceeds one week's income per month will place a hardship on the family because other needs may have to be sacrificed. In this era of high housing costs, keeping expenditures within such guidelines, while desirable, is very difficult for many intact, two-earner families. For most displaced homemakers, it is nearly impossible.

The most recent figures (for 1976) show that about a quarter of all U.S. households are headed by women, the majority of whom are divorced or widowed. Such female-headed households are older, more likely to be rented, and more likely to cost a much larger proportion of total income than that of other types of households.

An informal survey of displaced homemakers at six programs in Washington state showed that about half were homeowners and half were renting; some were living with parents or friends, and some were housesharing. Many of the homeowners were having great difficulty paying for utilities and property taxes, while among the renters, many were spending over half of their monthly income for housing.

A survey of displaced homemaker programs conducted by the Displaced Homemakers Network in 1979 revealed that nearly 75% of the displaced homemakers served by half of the programs in the country at that time had annual incomes of less than \$5,000; half were supporting one or more dependents, in addition to themselves.

On such limited incomes, 25% of monthly income will probably not yield appropriate housing in today's tight market. The goals of the displaced homemaker and the program assisting her are clear — to develop her employability and tap all assets to increase monthly income as quickly as possible. In the meantime, a variety of approaches to housing problems, including unorthodox ones, are needed. In the sections that follow, please keep in mind that laws, regulations, programs, and resources vary from state to state; you need to check in your own locale for appropriate details.

Emergency Housing

The most immediate housing situation you may face is the displaced homemaker who has no place to stay and is in need of shelter tonight. If a housing directory is not currently available for your area, have a staff member, intern, volunteer, or other resource person compile one. Such a housing resource directory should list all emergency housing sites, shelters, transient housing, resource agencies, etc. available in your community, including contact persons, phone numbers, and information regarding restrictions, eligibility, length of stay, cost, income requirements, and any other pertinent information. Get the listing reproduced, and make sure all staff members, including counselors, persons answering hot-lines, volunteers, and other personnel, have copies for reference. Additional suggestion: Would a local service organization or civic group provide your program with a modest fund that could be used for occasional emergency housing at an inexpensive hotel when other resources are unavailable?

For Current Homeowners — Stay Or Sell?

A home represents a major family investment, and may be the most valuable financial asset in a marriage. For the widow; or for the divorced spouse awarded the family home, it may represent a number of "hidden costs" that must be budgeted for:

- mortgage payment
- assessments
- taxes
- utilities
- fuel costs
- upkeep
- repair and maintenance

Because she may be facing difficulty in meeting these costs, the displaced homemaker may need to consider the option of selling the home. There are less tangible considerations, as well. The home may represent a stabilizing, secure environment in a time of change and upheaval. On the other hand, it may also be a heavy drain on a single homemaker's money, time, and energy. What was once the family home may now be a white elephant — too large for present needs, too costly to maintain on a sharply reduced income, impossible to maintain because of needed repairs and escalating fuel costs.

If the divorce settlement has not yet been finalized, there may be options such as staying in the family home until dependent children reach 18, or selling the home and dividing the assets. The homemaker thus displaced will have cash from the settlement, but will she be able to find decent affordable housing? If one spouse is urging sale of the family home in order to liquidate a couple's assets, the other spouse will need expert legal and financial advice immediately to determine what decision will be best for both the short term and longer-range. Some states provide that all property (community property) owned by a married couple is jointly owned. About one fourth of the states provide that both husband and wife sign as owners of the home; in such "homestead" states, the home cannot be sold against the interest of the other party. Obviously, expert professional advice is needed.

Also needed, however, is clear thinking about personal goals, and a careful assessment of all housing options in the light of those goals. Two publications of the League of Women Voters — sponsored "Women and Mortgage Credit" project provide clear examples of this goal setting and ranking as it relates to housing. "It's Up to You: A Women's Housing Primer" and "Finding the Facts: A Women's Housing Primer" (see resource listing) also give suggestions on other information sources, and on selecting real estate brokers, lenders, contractors, and other resource persons.

Home Maintenance

A perennial problem for displaced homemakers who own their homes is repair and maintenance — finding the money to get work done, and finding someone to do the work, whatever the cost. One innovative approach successfully used at a displaced homemaker program was the formation of a Home Repair Work Co-op among the displaced homemakers. Beginning with the replacement of a roof, the women have done many repairs and maintenance chores on client houses, and opened a client loan department (funded through ongoing garage sales) to make low-interest loans to members for building materials. The work gets done inexpensively, and the women are learning from one another how to do their own repairs. Free or inexpensive HUD publications are available on various maintenance-related topics, as are many home-repair books available in libraries and bookstores.

Using A Home As An Income Producer

Sometimes a displaced homemaker can turn part of a too-large home into income-producing space. Although it involves a change in life-style, a rented room or section of a home may generate much-needed cash. In this case, the owner becomes a landlord. Local zoning ordinances may limit such opportunities, but these options may be worth investigating. A written agreement, spelling out the terms of the arrangement — the rent, rights and responsibilities of both landlord and tenant — is a must.

Developing such an arrangement should not be done without careful consideration. The displaced homemaker may need counseling and support to deal with the feelings and associations she has about her home. Without preparation, she is likely to experience still further disruption in a change of living patterns already in upheaval due to displacement through divorce or death of her spouse. Renting one or more rooms involves new human interactions that she may be unprepared to cope with.

Starting a home-based business may also be a possibility. Here again, zoning restrictions may limit commercial uses (for example, operating a beauty shop), or health code restrictions may limit a service opportunity (day-care, or babysitting). Nevertheless, such possibilities might usefully be explored. In this instance, the displaced homemaker will probably need assistance in many aspects of small business development, and must be realistic about the time needed for training and the start-up and operating capital required.

Second mortgages, which could provide income needed for home improvements, or space modifications that will make rental of the space possible, might be considered. Reverse mortgages are available in some localities; this provides monthly income, which is an advance on money realized when the house is sold at some future time. Both options need to be considered very carefully.

Purchasing A Home

Relatively few displaced homemakers will probably be in a financial position to purchase a house. In early 1981, a median-priced house in the United States cost \$65,000. Fewer than 6% of all households were able to qualify for a \$60,000, 30-year mortgage, since it required an annual family income of \$47,000. In many locations, the median price of a house exceed \$100,000 and current high interest rates push the mortgage even further out of reach.

Nevertheless, some displaced homemakers may be able and want to consider home purchase. One excellent resource for your reference shelf or to recommend for their individual purchase to help in the process is *Homebuyer's Information Package: A Guidebook for Buying and Owning a Home* (Government Printing Office, Washington, DC 20402, #023-000-00508-5, price \$4.95). This HUD publication examines each step of the process — deciding whether to buy, finding the right place, contracting, financing, closing, dealing with initial problems, and maintenance — and includes budget worksheets, sample purchase agreements and loan applications, housing discrimination complaint forms, moving checklists, glossary of terms, and other useful material.

Displaced Homemakers And The Mortgage Market — Important Laws

Practices that in the past have kept women and minority groups out of the housing loan market are now prohibited. Under the Equal Credit Opportunity Act, a lender cannot:

- discount or refuse to consider reliable alimony, child support, or separate maintenance payments, although information about such income does not have to be disclosed by the applicant
- discount or refuse to consider reliable income from part-time employment or public assistance
- require another signature, if applicant is credit-worthy (although a lender may need a co-owner's signature on other mortgage papers, for example)

Moreover, a creditor may not deny credit just because the applicant has reached a certain age or has retired — or refuse to count retirement benefits. But age may be considered in connection with such factors as length of the loan, the down payment, and any security offered.

The Home Mortgage Disclosure Act requires most lending institutions in metropolitan areas to let the public know where they make their mortgage and home improvement loans. This information is available at any time at a bank, savings and loan, or credit union. For more information about either of these acts, write to any Federal Reserve Bank or to the Division of Consumer Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551. Finally, the Fair Housing Act (Title VIII of the Civil Rights Act of 1968) prohibits discrimination in the sale, rental, or financing of housing because of race, color, religion, sex, or national origin. For information, write Assistant Secretary for Fair Housing & Equal Credit Opportunity, HUD, 541, 7th St. SW, Washington, DC 20410.

Government Programs

Certain federal programs for low-income or elderly residents may provide possible assistance for displaced homemakers. The nearest regional office of the Department of Housing and Urban Development can provide current guidelines and standards of eligibility; state and local officials should also be contacted. In some communities, rental assistance as well as home ownership assistance may be available for low-income families.

As an example, under Section 8 of the Housing and Community Development Act of 1974, a renter who qualifies as "low-income" applies for a "certificate of need" from the local housing authority. Once certified, the renter finds a "suitable dwelling" and Section 8 provides the difference between what the renter can afford (as determined by local guidelines) and the cost of standard housing in the area. Tenants pay no more than 25% of adjusted income toward rent. This program is very difficult to take advantage of in many geographical areas, however. Because of a high demand for low-cost housing, local authorities frequently have waiting lists that require an applicant to wait a year or more before a unit is offered. In addition, an older displaced homemaker whose children no longer live with her may well be passed over in favor of a single mother still caring for children.

Alternatives

As traditional home ownership remains beyond the reach of many, and the rental market shrinks (1% vacancy rate nationally in 1980), what viable alternatives does the displaced homemaker have? New concepts of living arrangements include group and shared housing (either jointly owned or jointly rented), homesteading, intergenerational housing, common tenancy, and types of ownership such as cooperatives and condominiums. *Growing Numbers, Growing Force*, the report of the White House Mini-Conference on Older Women, held in Des Moines in 1980, sketches some of the possibilities.

"Shared housing . . . helps to reduce living expenses, aids in better nutrition and diet, eliminates loneliness, and allows for mutual assistance. . . . Whereas shared housing with one's age peers may be the most desirable arrangement for those seeking companionship, those seeking primarily financial assistance may choose young or older housemates. Shared housing ranges from turning your own home into a 'boarding house' to an independent group of adults renting a home together. . . . One creative example of alternative housing involved two women, ages 19 and 54 who established themselves as a "couple" in order to qualify for university low-cost housing.

The development of such alternatives may require changing zoning laws that do not permit unrelated persons to establish a household. And they certainly call for mutually-agreed upon contracts, outlining the conditions of living arrangements.

Housing Resource Materials

"It's Up To You: A Woman's Housing Primer" (Pub. No. 694) and "Finding the Facts: A Woman's Housing Primer" (Pub. No. 696) from League of Women Voters, 1730 M Street, NW, Washington, DC 20036. (20¢ each, 10/\$1.)

Homebuyer's Information Package: A Guidebook for Buying and Owning a Home. (\$4.95). #023-000-00598-5. Superintendent of Documents, Government Printing Office, Washington, DC 20402. Excerpt leaflet, "Package Pointers" free from HUD User, P.O. Box 280, Germantown, MD 20767.

How Well Are We Housed? #2. Female-Headed Households and #5. Rural. From Regional HUD, or HUD User, P.O. Box 280, Germantown, MD 20767.

"Learning More About Housing and Mortgage Credit. . . An Annotated Bibliography for Women." Regional HUD or HUD User.

HUD Booklets & Reports

Wise Home Buying; Wise Rental Practices; Protecting Your Housing Investment; Questions About Condominiums; Women & Housing: A Report on Sex Discrimination in Five American Cities (dated, but still useful).

HUD Fact Sheets

HUD Insured Title I Home Improvement & Mobile Loans; Lower Income Housing Assistance Payments (Section 8); Should You Buy or Rent A Home?; Property Rehabilitation Loans (Section 312); Counseling for Tenants and Homeowners; HUD's Homeownership Subsidy Program; Mobile Homes (Title I).

HUD Leaflets

Having Problems Paying Your Mortgage? Let's Consider Co-operatives: Buying A Home? Don't Forget Settlement Costs. Available from Regional HUD, or HUD Information Center, 451 7th St. SW, Rm. 1104, Washington, DC 20410.

Consumer Handbook to Credit Protection Laws: Equal Credit Opportunity Act and . . . Age/Women/Credit Rights in Housing. Board of Governors, Federal Reserve, Washington, DC 20551.

Home Ownership Loans, Self-Help Housing Loans, Rental Assistance Program. Program Aids from Farmers Home Administration. U.S. Department of Agriculture, Washington, DC 20250.

Fair Mortgage Lending: A Handbook for Community Groups. Center for National Policy Review, Catholic University Law School, Washington, DC 20064.

Mortgage Basics for Home Buyers; Borrowing Basics for Women. Public Affairs, Citibank, 399 Park Ave., 18th Floor, New York, NY 10043.

Women's Guide to Mortgage Lending. (\$2.50) From Zina Green, Fair Housing Consultant, 6019 Western Ave., Washington, DC 20015.

"Tips on Buying A Mobile Home." Council of Better Business Bureaus, 1150 17th St. NW, Washington, DC 20036.

"Quick Facts About the Manufactured Housing Industry." From MHI, 1745 Jefferson Davis Highway #511, Arlington, VA 22202.

"On Shared Housing" in Broomstick, Vol. 1, No. 11. (50¢) Options for Women Over Forty, 3543 18th St., San Francisco, CA 94110.

Growing Numbers, Growing Force: Report of the White House Mini-Conference on Older Women (\$3.00) from Older Women's League Educational Fund, 3800 Harrison Street, Oakland, CA 94611.

(Publications are free unless otherwise noted).

Action Steps

As a service provider there are many ways in which you can assist displaced homemakers as they deal with housing-related problems. Here are a number of specific action steps you and other displaced homemaker program staff members or volunteers might take:

- Develop a housing resource list, as was suggested above in the section on emergency housing.
- Start a resource and information file on housing issues, with basic materials from HUD and other sources. Have someone regularly read and clip from the real estate and financial sections of the newspaper.
- Get or develop a listing/file of agencies, groups, and organizations concerned with housing, from the Regional HUD office to local tenant rights groups.
- Meet with local and area housing agencies and organizations to educate them to displaced homemakers' needs, and to learn about local programs/resources. Advocate with public housing officials for specific Section 8 slots (subsidized housing) for displaced homemakers.
- Set up an informal housing information project at your displaced homemaker program, with appropriate resource handouts and workshops. Consider staffing a housing advocacy project with a VISTA volunteer, student intern, or privately-funded staff person to work with displaced homemakers on housing.
- Bring in resource persons to provide information and answer questions on financial management, landlord-tenant relations, home financing and mortgage credit, alternative housing, fair housing, home repairs, dealing with eviction, keeping a house, and using a home as an income producer.
- Encourage the consideration of shared and alternative housing. Support peer discussions on feelings/problems, values clarification on these topics. Provide "Housing Needed" and "Housing Offered" bulletin board space at your displaced homemaker program.
- Form a home maintenance work co-op in which displaced homemakers pool talents and share work to do home repair and maintenance projects. Encourage other women to join property owners for the company and the experience.
- Include "housing" as a workshop topic for area, state, or regional displaced homemaker conferences and meetings.